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THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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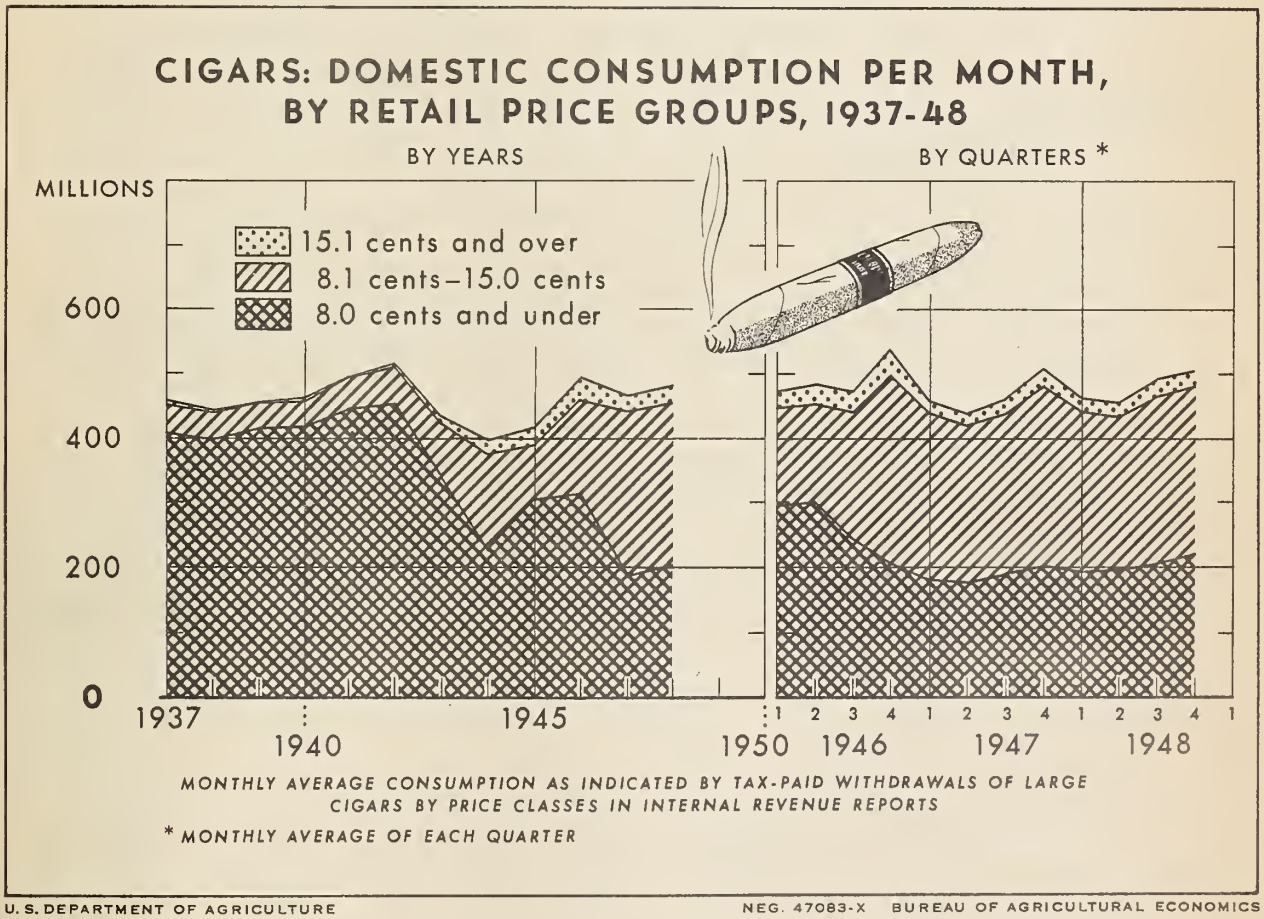


Cigar consumption in the United States as measured by tax paid withdrawals averaged 465 million monthly during 1937-41, increased to 517 million in 1942, and then decreased during the mid-war years when supplies were inadequate to satisfy both civilian and armed force demands that were largely tax free. Since the war from 1946 to 1948, monthly cigar consumption has averaged 481 million, only slightly higher than in 1937-41 although employment and incomes were substantially higher in recent years than in prewar.

The retail price pattern of cigars has changed strikingly. In prewar years, close to 90 percent of all cigars consumed sold for 5 cents or less. In 1947 and 1948, only about two-fifths of all cigars sold for 8 cents or less. In late 1948, sales of cigars retailing for 8 cents or less were increasing and for the final quarter of 1948, exceeded the corresponding quarter of 1947 by 9 percent.

STATISTICAL SUMMARY

Item	Unit or base period	1947 Sept.	1947 Oct.	1947 Nov.	1947 Dec.	1948 Sept.	1948 Oct.	1948 Nov.	1948 Dec.	Last data available as percent of a year earlier
Prices received at auctions										
Flue-cured	Cents per lb.	40.9	42.9	40.3	35.4	49.0	51.6	42.7	38.2	108
Burley	do	1/	1/	1/	48.8	1/	1/	49.6	47.7	98
Fire-cured	do	1/	1/	26.9	27.5	1/	1/	31.0	31.9	116
Dark air-cured	do	1/	1/	25.6	25.5	1/	1/	1/	28.5	112
Parity Prices										
Flue-cured	do	46.3	46.5	46.9	48.1	48.5	48.1	47.9	47.9	100
Burley	do	44.8	45.1	45.5	46.6	47.1	46.6	46.4	46.4	100
Fire-cured	do	21.5	21.6	21.9	22.3	22.6	22.3	22.2	22.2	100
Dark air-cured (35-36)	do	17.2	17.3	17.5	17.9	18.1	17.9	17.8	17.8	99
Virginia sun-cured (37)	do	24.6	24.8	23.5	23.9	24.2	23.9	23.8	23.8	100
Index of Prices Paid 2/	3/1919-28=100	158	159	161	164	166	164	163	163	99
	4/1934-38=100	202	203	206	210	212	210	209	209	100
Tax-paid Withdrawals										
Cigarettes, small 5/	Million	29,204	33,237	27,333	24,799	29,857	31,335	29,259	24,675	99
Cigars, large 5/	do	484	588	496	447	545	531	554	440	98
Chewing and Smoking	Million pounds	21	22	15	13	19	20	16	13	100
Snuff	do	4.0	4.2	3.0	2.5	3.7	3.5	3.2	3.4	136
Accumulated since Jan. 1										
Cigarettes, small 5/	Million	250,595	283,832	311,165	335,964	263,460	294,796	324,055	348,730	104
Cigars, large 5/	do	4,100	4,688	5,184	5,631	4,250	4,781	5,335	5,775	103
Chewing and Smoking	Million pounds	149	171	186	199	150	170	187	200	101
Snuff	do	30	34	37	39	31	35	38	41	105
Cigarettes, tax-free	Million	2,706	3,527	2,536	2,997	4,103	4,030	2,736		108
Accumulated since Jan. 1										
Tax-free	do	25,091	28,618	31,154	34,151	28,740	32,770	35,506		114
Tax-paid plus tax-free	do	275,686	312,450	342,319	370,115	292,200	327,566	359,562		105
Stocks, beginning of quarter 6/ (farm-sales weight)										
Flue-cured	Million pounds		1,640				1,874			114
Burley	do		941				902			96
Maryland	do		53				56			106
Fire-cured	do		143				163			114
Dark air-cured	do		73				77			105
Cigar, filler	do		122				126			103
Cigar, binder	do		124				126			102
Cigar, wrapper	do		18				20			111
Exports (farm-sales wt.)										
Flue-cured	Thou. lb.	38,055	57,500	37,424	44,570	47,976	34,836	19,175	48,767	109
Burley	do	8,764	4,338	3,498	1,457	1,495	2,349	1,601	4,659	320
Maryland	do	554	1,530	522	456	999	384	308	2,643	580
Fire-cured	do	4,286	2,199	3,308	2,416	3,425	2,779	2,280	4,775	198
Dark air-cured	do	1,460	501	805	442	432	792	361	543	123
Cigar	do	538	956	797	785	478	187	197	1,831	233
Total 7/	do	53,663	67,030	46,381	50,127	54,805	41,327	23,922	63,221	126
Accumulated since beginning of crop year										
Flue-cured	do	81,167	138,666	176,091	220,661	152,193	187,029	206,204	254,971	116
Burley	do	49,861	8/4,338	7,836	9,293	27,513	8/2,349	3,950	8,609	93
Maryland	do	4,072	5,603	6,125	6,581	4,818	5,203	5,511	8,154	124
Fire-cured	do	34,352	8/2,199	5,507	7,923	30,292	8/2,779	5,057	9,832	124
Dark air-cured	do	7,582	8/ 501	1,308	1,750	6,375	8/ 792	1,154	1,697	97
Cigar	do	5,597	8/ 956	1,754	2,539	7,297	8/ 187	383	2,214	87
Personal income 9/	Billion dollars	206	200	201	208	217	218	220	221	106
Index of Industrial Production 10/	1935-39=100	190	194	193	190	197	198	195	190	100
Percent of labor force Employed	Monthly	96.9	97.2	97.3	97.2	96.9	97.3	97.0	96.8	100

1/ Closed. 2/ For computing tobacco parity prices. 3/ All types except flue-cured 11-14 and Burley 31, but Maryland 32 begins 1949 with 1936-40 season = 100. 4/ Flue-cured 11-14 and Burley 31. 5/ Includes Puerto Rico. 6/ Stocks for October 1, 1948, are preliminary. 7/ Includes a small amount of Perique. 8/ Beginning of crop year. 9/ Seasonally adjusted monthly totals at annual rate. 10/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board February 11, 1949

SUMMARY

Most of the 1948 crop of tobacco has been sold at relatively high prices. Flue-cured tobacco marketings ended in December, and prices for the season averaged better than 49 cents per pound compared with 41.2 cents for the previous season. Practically all of the Burley crop has also been marketed, with prices averaging 46 cents per pound for auction sales compared with the record 48 1/2 cents for the 1947 crop. Both Burley and flue-cured averages were well above the support price level. Prices of fire-cured and dark air-cured tobacco have been nearer the support level, which is 5 percent above last season. Most of the 1948 crops of these types have been sold at auctions with prices of the fire-cured and dark air-cured averaging 7 percent and 11 percent, respectively, above the 1947 season average. Changes in cigar tobacco prices were varied with some areas about the same as last year and other areas lower.

Compared with the 1947 season, much less flue-cured tobacco but larger quantities of Burley were placed under government loan during the 1948 marketing season. Substantial proportions of the fire-cured and dark air-cured went under loans in both 1948 and 1947.

The strong demand for flue-cured and Burley resulted primarily from the large requirements of cigarette manufacturers. In 1948, cigarette manufacture reached 388 billion, 18 billion above 1947 and a new record. Cigarette consumption is expected to remain large in 1949 and may increase slightly over 1948. A continuation in 1949 of relatively high level employment and consumer incomes is expected to influence cigarette consumption favorably.

Smoking tobacco manufacture, which uses substantial quantities of Burley is estimated at 108 million pounds for 1948, 3 1/2 million above 1947, but still far below the prewar average of 195 million pounds. Chewing tobacco manufacture, a sizable outlet for Burley, dark air-cured, and stemming grades of cigar tobacco, dropped to an estimated 95 million pounds in 1948. This is about 3 1/2 million pounds below 1947 and is the lowest on record.

The principal domestic outlet for fire-cured is snuff, consumption of which totaled 41 1/3 million pounds in 1948, 2 million larger than in 1947. Cigar consumption in 1948 totaled 5,775 million, a 2 1/2 percent gain over 1947. Cigars in the lower retail price brackets increased proportionately more than total cigars.

During 1949, smoking tobacco consumption may increase moderately, but consumption of snuff and cigars is not expected to vary much from the 1948 level. Chewing tobacco production may decline slightly in line with the long-term trend.

Export demand in 1948 lagged because of insufficient dollar exchange which led to deliberate curtailment of purchases of tobacco by some foreign governments, the increased quantities of tobacco available from domestic production in a few importing countries, and somewhat larger quantities available from non-dollar sources. Total United States exports of unmanufactured tobacco during 1948 were 427 million pounds (declared-export weight), one-sixth less than in 1947 and also below most years in the prewar decade. The Economic Cooperation Administration, which came into existence in April 1948, had authorized procurement of about 220 million pounds of United States tobacco by the end of 1948. ECA reports the movement of ECA-financed tobacco in 1948 was about 115 million pounds or over one-fourth of total United States exports during the calendar year.

The British Board of Trade, after conferences between United States and British officials, indicated that Britain would buy more American tobacco in 1949 than in 1948 unless there was an adverse change in their dollar position. It seems likely that total 1949 tobacco exports will exceed those of 1948 if further progress towards economic recovery in western Europe is achieved as expected with ECA assistance.

Flue-cured tobacco supplies for 1948-49 are 1 percent above last year. Harvested acreage in 1948 was one-fourth lower than 1947, but yields per acre set a new record. Total production was 1,081 million pounds--18 percent less than in 1947. Total disappearance during 1948-49 is expected to be between 1,070 and 1,100 million pounds. Flue-cured carryover on July 1, 1948, was 1,550 million pounds compared with 1,287 million a year earlier.

The acreage allotment for most farms growing flue-cured will be up 5 percent in 1949. If yields per acre are near the high average of 1944-48 and harvested acreage about equals the allotment, production this year will be about the same as in 1948.

Burley supplies for 1948-49 are higher than a year ago. Total disappearance may be a little larger in 1948-49 than in 1947-48. The total Burley allotment for 1949 is practically the same as last year. With average yields per acre this year, production will be lower than 1948 since last year's yield was a record.

Total supplies of Maryland for 1949 are a little lower than a year ago. The 1948 crop estimated at 35 million pounds was 8 percent smaller. High cigarette production will be a favorable price-making factor for Maryland tobacco when marketings begin in the spring. A more recent base period (August 1936-July 1941) for computing parity was provided for Maryland, type 32, in the Agricultural Act of 1948. This will mean a support level for the 1948 crop of 43.9 cents per pound. Prices of marketings from the 1947 crop averaged 42.8 cents.

Supplies of fire-cured and dark air-cured are greater than 1948-49 requirements for exports and domestic chewing tobacco and snuff, the main outlets. Allotments of fire-cured and dark air-cured (types 35-36) are smaller this year than in 1948.

Supplies of domestic cigar filler are 5 percent larger; and of cigar binder, 4 percent smaller than for a year ago. Production of higher quality binder is being urged since lower grades are in large supply. The supply of cigar wrapper for 1948-49 is 4 percent larger than in 1947-48.

The level of price support for flue-cured, Burley, fire-cured, dark air-cured, and cigar tobacco (types 41-56) is expected to be lower for the 1949 crop than for the 1948 crop. Flue-cured parity in January was 2 1/2 percent less than last June and may decline a little more by June 1949. Ninety percent of the June 15, 1949, parity will be the basis for flue-cured loan rates. The Burley loan rate is based on 90 percent of the September 15 parity, and fire-cured and dark air-cured rates are fixed by law at 75 and 66 2/3 percent of the Burley loan rate. With some further decline in the index of prices paid by farmers, Burley parity is expected to be lower by September.

TOBACCO PRODUCTS

Cigarettes

Cigarette production in 1948 again set a new record high. Total production was 388 billion--nearly 5 percent above the preceding year, about 30 percent greater than annual production 5 years ago, and 125 percent greater than 10 years ago. The rapid growth over the past 10 years has come about mostly as the result of the broadening pattern of cigarette use developed during the war. Full employment and increasing consumer incomes have been reflected in this postwar growth. Exports of cigarettes have also been substantially above prewar and in 1948 totaled 25 billion compared with 23 billion in 1947 and the 1934-38 average of 4.8 billion. Higher prices by manufacturers were reflected in higher cigarette prices at both wholesale and retail during 1947 and 1948. Cigarettes also have cost some consumers more in the last 2 or 3 years as a result of new taxes or increased taxes by several States and municipalities. Some State legislatures are considering additional taxes affecting cigarettes.

Cigarette production and consumption are expected to remain high in 1949 and probably exceed the 1948 level, but the gain this year will probably not be as great as that of recent years. The gain in United States cigarette consumption during the last half of 1948 over the same period of 1947 was only 2 percent, while the percentage gain during the first half of 1948 over the first half of 1947 was nearly 6 percent.

Cigarette exports from the United States have foreign destinations all over the world. The largest takers in 1948 were the Philippine Islands, Belgium-Luxembourg, Curacao, Tangier, Switzerland, Hong Kong, Venezuela, and Republic of Panama. These countries accounted for about 75 percent of total cigarette exports. The Philippine Islands were by far the largest and took 46 percent of the total. Cigarette exports to the Philippines are expected to be lower in 1949 because of measures taken by the Philippine Government to conserve dollar exchange and to expand domestic manufacture.

Cigars

Cigar consumption during 1948 totaled 5,775 million, 2 1/2 percent more than the 5,631 million consumption of 1947. This is higher than any year in the thirties but below 1941, 1942, and 1946. The peak year in the forties, thus far, was 1941 with 6,207 million. Cigar exports comprise only a small proportion of total production. In 1948, cigar exports totaled 17 million compared with 19 million in 1947.

Wholesale and retail prices of several large popular brands of cigars advanced in 1948 and a few brands were reduced. Cigar costs to consumers have increased quite sharply over the past 10 years, but one of the sharpest deviatons from the earlier pattern of retail price classes has occured since mid-1946 (see cover chart).

With a continuation of fairly high level employment and consumer income, cigar consumption during 1949 is likely to be maintained near the 1948 level. However, a larger proportion of cigars consumed in 1949 will be in the 8-cents-or-less retail price bracket. The number of cigars in this group in December 1948 was 45.4 percent of the total compared with 40.8 percent of the total in December 1947.

Smoking Tobacco

In 1948, the estimated manufacture of smoking tobacco was 108 million pounds, about 3 1/2 million pounds larger than the record low of 1947. The prewar production of smoking tobacco averaged 195 million pounds. Retail prices of pipe tobacco have changed very little in the past 2 years but are about one-fifth higher than prewar. Smoking tobacco consumption during 1949 is expected to show a small increase over 1948. It is not likely that any substantial increase towards prewar levels will occur as long as income and employment stay high. In times of significant unemployment and lower consumer incomes, smoking tobacco has a greater appeal to many smokers than other tobacco products because it is more economical.

Chewing Tobacco

The manufacture of chewing tobacco in 1948 is estimated at 95 million pounds compared with 98 1/2 million in 1947 and was the lowest year on record. In the mid-twenties, production of chewing tobacco was over 200 million pounds; and by the mid-thirties, was down to about 115 million pounds. Specific data for January-November 1948 show that plug chewing fell 4 percent and scrap held even with the same months in 1947. These two kinds comprise about nine-tenths of total chewing tobacco. Comparing the same two periods, fine-cut chewing declined 12 percent, while twist gained 11 percent. Wholesale prices of chewing tobacco have been stable during the last 2 years but are 30 percent above the prewar level. Chewing tobacco consumption during 1949 is expected to be about the same as or a little lower than in 1948. Chewing tobacco and snuff exports (not given seperately) in 1948 totaled 3.5 million pounds, which is about the same as 1947. The largest amounts went to the Philippine Republic, Japan, Australia, and Germany.

Snuff

The consumption of snuff in 1948 was 41 1/3 million pounds, a little more than 2 million pounds above 1947. During the 20-year period before the second World War, annual snuff consumption fluctuated between 35 2/3 and 40 2/3 million pounds. The use of snuff in 1948 is a peacetime record; but during 1943-45, consumption averaged 43 million pounds annually. Wholesale prices of snuff increased sharply early in 1948, but total consumption gained in spite of higher prices. Snuff consumption in 1949 is expected to be about the same as in 1948.

EXPORTS 1/

United States exports of unmanufactured tobacco during 1948 were sharply below 1947 and also substantially less than in 1938, the year before the outbreak of the second World War. In 1948, the exports of unmanufactured tobacco totaled only 427 million pounds, 16 percent less than 1947 and 13 percent below 1938. In only 2 of the 10 years 1929 to 1938 were United States tobacco exports much below the 1948 level. The major factors contributing to the decline were the lack of sufficient dollar exchange which led to deliberate curtailment of purchases of tobacco by some foreign governments, the increased quantities of tobacco available from domestic production in a few importing countries, and somewhat larger quantities available from non-dollar sources.

Flue-cured exports in 1948 comprised close to four-fifths of all United States tobacco exports. About 343 million pounds went to foreign destinations in 1948, 14 percent less than in 1947 but 5 1/2 percent above the 1934-38 average. The United Kingdom took nearly one-half and other western European countries accounted for more than one-fourth of the total United States flue-cured exports. China took about 6 percent, while the remainder went to Australia, India, Hong Kong, New Zealand, and other countries. United States flue-cured exports to the United Kingdom totaled 166 million pounds, 14 percent below 1947. This was the smallest quantity for any peacetime year since 1932. For all other western European countries combined, United States flue-cured exports in 1948 dropped 13 percent below 1947 but would have been down even more sharply except for the sizeable shipments to Germany in December 1948. Those to China fell off one-third. The total for all other foreign destinations combined declined about 9 percent.

Burley exports in 1948 from the United States declined drastically from the record level of the previous year. Although only a little more than one-half of the 1947 level, they were still double prewar. Maryland exports in 1948 were more than one-fifth larger than each of the previous 2 years and were two-fifths above the prewar average. Virginia fire-cured (on a calendar-year basis) was about the same in 1948 as in 1947 but lower than for any year prior to 1940. Kentucky and Tennessee fire-cured exports in 1948 were 7 percent below 1947 and the lowest for any peacetime year. Fire-cured exports have been declining steadily since the early twenties. In the 1934-38 period, all fire-cured exports comprised nearly 15 percent of total United States tobacco exports, but in 1947 and 1948 were only around 6 percent.

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm-sales weight.

Table 1.- United States exports of unmanufactured tobacco for specified periods by types and to principal importing countries

(declared weight)

Type and country	Calendar year			1948 as percentage of		October-December		
	1934-38 average	1947	1948	1934-38 average	1947	1934-38 average	1947	1948
	Mil.lb.	Mil.lb.	Mil.lb.	Percent	Percent	Mil.lb.	Mil.lb.	Mil.lb.
Flue-cured	324.9	400.1	342.7	105	86	138.8	121.5	89.5
Burley	11.6	43.0	23.4	202	54	2.9	8.1	7.5
Maryland	5.5	6.3	7.8	142	124	1.3	2.4	3.2
Va. fire-cured	9.7	7.6	7.7	79	101	2.6	2.5	2.2
Ky. and Tenn.	53.7	21.3	19.9	37	93	11.1	4.2	6.3
One Sucker	.7	2.0	1.2	171	60	.2	.3	.4
Green River	3.0	1.5	.8	27	53	.3	.2	.3
Black Fat, etc.	9.0	4.9	5.1	57	104	2.3	1.4	1.1
Cigar	1.3	6.2	6.1	469	98	.6	2.4	2.0
Perique	.1	.1	.1	100	100	1/	1/	1/
Stems, tr., scrap	17.8	14.2	11.9	67	84	7.1	2.0	3.2
Total unmfd.	437.3	507.2	426.7	98	84	167.2	145.0	115.7
Country of destination:								
United Kingdom	213.9	198.0	166.9	78	84	103.5	61.5	29.1
France	21.0	10.2	.7	3	7	1.3	1/	.0
Belgium-Luxembourg	15.5	19.9	18.0	116	90	4.5	5.1	4.6
Netherlands	15.6	55.0	23.5	151	43	5.0	25.0	10.7
Germany	12.8	3.0	26.4	206	880	3.9	1.8	20.3
Portugal	4.8	6.9	11.7	244	170	1.2	.9	1.9
Denmark	4.6	10.1	10.1	220	100	1.9	1.4	3.0
Eire	7.4	15.5	12.2	165	79	3.1	7.2	5.8
Switzerland	3.8	10.9	15.3	403	140	1.3	3.6	4.9
Norway	4.7	6.9	11.1	236	161	1.9	1.8	3.5
Sweden	7.2	16.6	11.0	153	66	4.9	6.1	5.9
Italy	1.1	19.1	4.5	409	24	.4	6.0	1/
China	48.2	39.6	28.5	59	72	15.6	5.1	4.3
Australia	18.4	23.1	16.0	87	69	3.5	6.8	6.3
India	2.6	11.4	10.1	388	89	.6	.5	.4
New Zealand	2.5	5.3	3.9	156	74	.8	1.2	.2
Other countries	53.2	55.7	56.8	107	102	13.8	11.0	14.8
Total	437.3	507.2	426.7	98	84	167.2	145.0	115.7

1/ Less than 50,000 pounds.

The 1948 exports of One Sucker and Green River were sharply below 1947, but exports of Black Fat, which uses substantial quantities of dark air-cured tobacco, were up 4 percent. However, Black Fat exports in 1948 were less than three-fifths of the prewar average. The exports of cigar tobacco during 1948 were nearly as large as the 1947 record and well above prewar levels. Sizable quantities of Puerto Rican tobacco are included in the cigar tobacco exports.

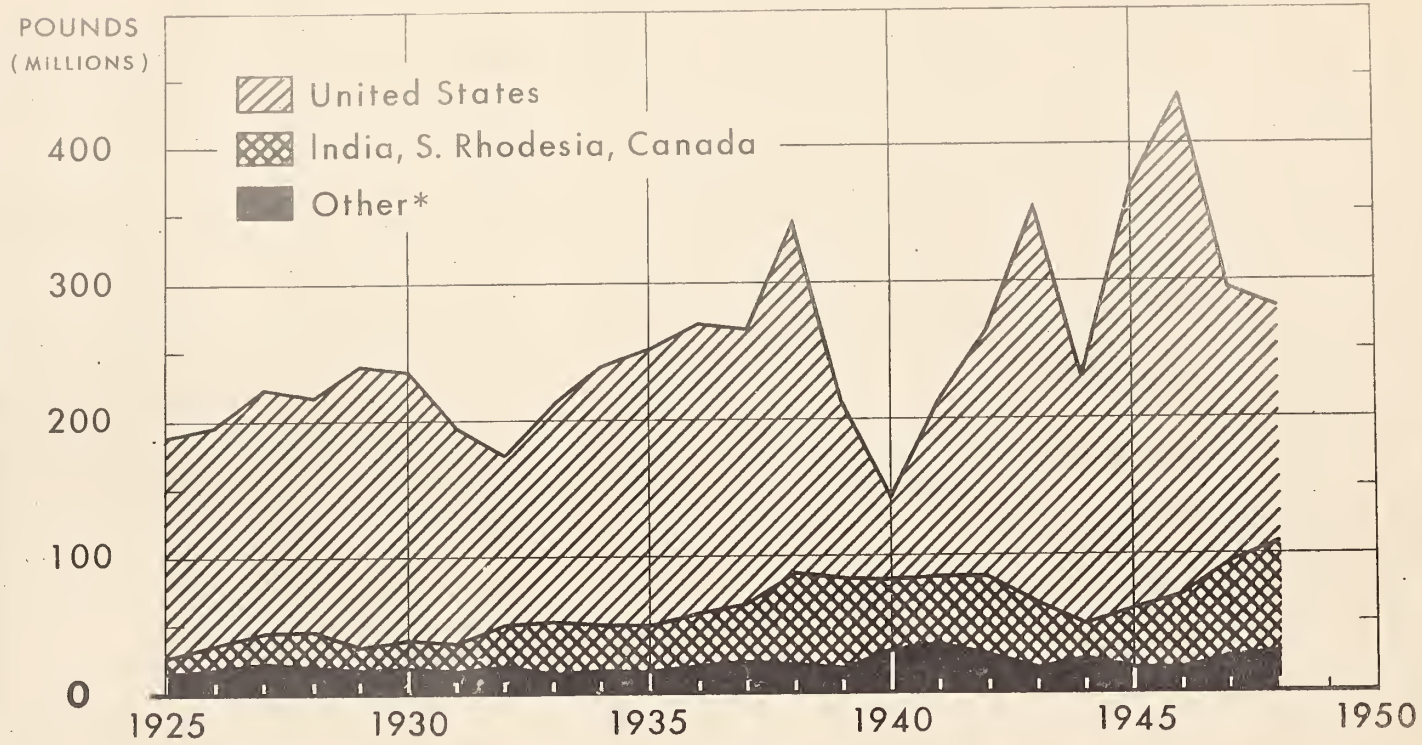
The individual countries of western Europe, in most instances, took smaller quantities of United States tobacco in 1948 than in 1947. Only Germany, Portugal, Switzerland, and Norway took more while Denmark took about the same. All Western European countries except Spain are participating in the European Recovery Program. The Economic Cooperation Administration (ECA) begun functioning in April 1948. By the end of the year, procurement authorizations of United States tobacco were about 220 million pounds, but the actual movement of tobacco to participants by the end of the year was estimated from ECA reports at only about 115 million pounds. There is a lag between authorization and physical movement of the tobacco; hence, shipments through December 31, 1948, accounted for slightly more than one-half of the total procurement authorized as of that date. Tonnage movements of ECA-financed tobacco were reported to the United Kingdom, France, Netherlands, German Bizone, Austria, Denmark, and Norway in 1948. At the end of January 1949, the cumulative total of procurement authorizations for tobacco was 116 million dollars. This was distributed as follows: United Kingdom, 45 percent; German Bizone, 19 percent; Ireland, 7 percent; Denmark and Netherlands each, 5 1/2 percent; Norway, 4 3/4 percent; Belgium 4 1/2 percent; France and Austria each, 3 percent; and Italy, 1 1/2 percent.

United States tobacco exports during 1949 will probably exceed the low 1948 level. Stocks of United States leaf in most importing countries are extremely low as the result of net withdrawals in 1948 that were necessitated by small imports and larger 1949 imports will be needed to meet immediate consumption requirements. The progress made towards greater economic stability in western Europe will facilitate larger imports from the United States. The 1949 tobacco exports to China, the second ranking export outlet for American tobacco in most prewar years, are unlikely to regain prewar levels.

The United Kingdom will continue to be the largest single foreign outlet for United States tobacco in 1949. At the conclusion of recent conversations between government officials of the United States and Britain, the British Board of Trade announced:

> "The imperative need to balance United Kingdom dollar payments as soon as possible would continue to impose a strict limit on the sums which could be spared for the purchase of American tobacco. But provided that there was no substantial adverse change in its dollar position, the United Kingdom expected to buy in 1949 more than in 1948 in order to maintain the present rate of consumption."

UNITED KINGDOM IMPORTS OF TOBACCO, BY SOURCE, 1925-48



*IMPORTS FROM NYASALAND AVERAGED 60 PERCENT OF "OTHER"
TOBACCO REFERS TO UNMANUFACTURED TOBACCO ONLY. IMPORTS OF TOBACCO PRODUCTS ARE RELATIVELY SMALL

U. S. DEPARTMENT OF AGRICULTURE NEG. 47084-X BUREAU OF AGRICULTURAL ECONOMICS

The major source of the United Kingdom tobacco imports is the United States. An expansion in imports from India, Southern Rhodesia, and Canada took place during the years following 1930. The 1925 increase in the duty preference granted to Empire countries helped to stimulate production in those areas. After falling off in the late war years, the tobacco imports from those three countries combined rose to nearly 70 million pounds in 1947 and nearly 80 million pounds in 1948 although the duty preference is now relatively insignificant. Imports from the United States fell sharply after the outbreak of World War II but by 1943, assisted by lend-lease, had more than regained the prewar peak. In 1946 both total tobacco imports and those from the United States set a new record. Following that year, imports from the United States fell sharply and in 1948 were 172 million pounds compared with the 1934-38 average of 213 million. This decline is mostly attributable to British efforts to conserve dollar exchange.

Table 2.- United Kingdom: Imports of unmanufactured tobacco by principal sources, 1925-48

Year	Total imports	United States	Empire countries					Turkey	Greece
			India	Southern Rhodesia	Nyasaland	Canada	Total 1/		
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
1925	189.0	162.7	7.8	2/ 1.0	7.1	1.9	18.9	1.0	1.9
1926	197.2	161.4	11.9	2/ 2.3	9.1	4.9	29.8	.8	1.0
1927	222.3	177.4	8.4	9.2	13.8	5.8	41.0	.6	.7
1928	217.8	171.8	10.3	10.3	12.2	6.0	43.1	.5	.6
1929	240.0	205.4	9.2	4.0	10.7	5.0	31.5	.7	.9
1930	237.0	197.8	13.0	3.6	12.8	4.0	35.3	.6	.5
1931	194.0	157.2	9.3	5.9	11.1	6.3	34.3	.2	.4
1932	174.9	125.2	9.2	10.4	15.1	10.7	47.7	.1	.3
1933	211.1	159.9	13.0	10.0	10.4	14.0	49.2	3/	.2
1934	238.9	188.9	9.8	15.9	12.5	8.1	47.6	3/	.1
1935	251.6	202.5	11.6	15.1	10.1	7.1	45.1	.4	.7
1936	270.9	213.5	13.7	15.0	13.1	9.3	52.5	.4	.2
1937	267.4	203.3	19.2	14.5	13.5	8.6	57.3	1.6	.3
1938	344.8	256.7	32.7	18.9	13.4	16.1	82.8	.4	1.5
1939	211.5	128.0	21.2	15.0	11.7	30.2	80.2	.4	.4
1940	141.3	59.0	18.7	24.1	10.2	8.2	63.9	.1	.2
1941	213.7	129.4	26.1	19.8	12.9	2.2	63.4	5.3	6.0
1942	264.9	180.3	22.7	24.6	14.3	10.5	74.9	4.3	3/
1943	354.1	291.1	17.0	20.2	13.9	8.9	61.8	1.1	.0
1944	229.9	180.3	4.7	12.6	15.1	8.6	43.7	5.8	.0
1945	368.8	309.8	10.1	20.6	11.6	11.7	56.0	2.4	.0
1946	432.7	365.8	17.6	23.0	10.9	9.2	62.3	3.1	.6
1947 4/	295.6	201.2	22.9	23.0	11.9	22.2	82.1	2.3	10.7
1948 4/	280.6	172.2	22.8	43.9	14.0	12.7	97.3	10.2	.1

1/ Includes all British countries.
2/ Includes Northern Rhodesia.
3/ Less than 50,000 pounds.
4/ Preliminary.

Bureau of Agricultural Economics, Annual Statement of Trade of the United Kingdom 1925-46 and Accounts Relating to Trade and Navigation 1947-48.

Home consumption of tobacco as reported by the United Kingdom, is estimated at about 214 million pounds in 1948 compared with 225 million in 1947 and 250 million in 1946. The United Kingdom also exports substantial quantities of tobacco products manufactured from imported leaf tobacco. In 1948, these United Kingdom exports of tobacco products were 45 1/4 million pounds compared with 51 3/4 million in 1947 and 40 1/2 million in 1938. Almost 95 percent of the total in each of the last 2 years was in the form of cigarettes, while in 1938, cigarettes comprised only 65 percent. The largest single outlet for British tobacco exports is British Malaya, which took more than a third of the total in 1948.

As indicated in the chart on page 10 and more specifically in table 2, tobacco imports of the United Kingdom have come mostly from the United States. However, since the early twenties, quantities from Empire countries have steadily increased. Although set back during the war, these areas provided greater than average prewar quantities during 1947 and set a new record of 97 million pounds in 1948. The 1948 imports from Southern Rhodesia were a record 44 million pounds, while those from India just about equaled 1947. Those from Canada were much smaller than in 1947. These three countries send mostly flue-cured tobacco to the United Kingdom, which is also by far the predominant kind sent by the United States. Imports from Nyasaland, mostly dark tobacco, were also greater in 1948 than in 1947 but were not greatly different than in the late prewar years.

According to British data, imports from the United States totaled 172 million pounds in 1948, about 29 million less than in 1947 and the lowest of any peacetime year since 1933. In 1934-38, the United States was the origin of 78 percent and the Empire countries furnished 21 percent of British tobacco imports. In 1948, the United States share shrunk to 61 percent and the Empire countries furnished 35 percent. Other foreign countries accounted for the relatively small remainder. However, tobacco imports from Greece in 1947 and from Turkey in 1948 were unusually large, and an increase in the proportion of these oriental types in British cigarettes is indicated. The preference of the British in past years has been overwhelmingly for a cigarette made exclusively from flue-cured.

The British tobacco manufacturers have been operating with much lower stocks than in prewar years. The average stocks--home consumption ratio in 1947-48 was only about 1 3/4 to 1 while in 1937-38, the average was 2 3/5 to 1.

IMPORTS

United States imports of tobacco from foreign countries are mostly cigarette leaf from the eastern Mediterranean countries and, secondly, cigar tobacco for filler purposes from Cuba. Both kinds are largely used for blending with domestic cigarette and cigar tobacco. Some cigar wrapper is also imported. Tobacco is also shipped from the United States possession of Puerto Rico mainly for use as cigar filler, but this is not dutiable.

Table 3.- United States tobacco imports for consumption and shipments from Puerto Rico, 1934-38 average; annual 1947-48;

(declared weight)

Classification of tobacco and country of origin	1934-38 average	1947	1948	1948 as a percentage of 1934-38 average	1948 as a percentage of 1947
	Mil. lb.	Mil. lb.	Mil. lb.	Percent	Percent
Total imports of unmanufactured tobacco 1/	66.0	90.4	84.2	128	93
Cigarette leaf, unstemmed	44.4	58.8	64.1	144	109
Turkey	18.2	42.6	45.3	249	106
Greece	18.8	6.7	8.1	43	121
Syria	.5	3.1	4.6	920	148
Bulgaria	.6	2.7	2.4	400	89
U. S. S. R.	.1	1.7	2.0	2,000	118
Yugoslavia	.0	.5	.5	---	100
Cigar leaf (filler), stemmed	7.2	16.0	10.8	150	68
Cuba	7.1	15.9	10.8	152	68
Cigar leaf (filler), unstemmed	4.1	5.9	4.0	98	68
Cuba	4.1	5.8	4.0	98	69
Scrap tobacco	5.2	7.7	3.8	73	49
Cuba	2.9	6.7	3.7	128	55
Philippines, Republic of	2.3	1.0	.1	4	10
Cigar wrappers	2.7	1.4	1.0	37	71
Netherlands Indies	2/ 1.9	1.0	.8	42	80
Philippines, Republic of	.6	.0	.0	---	---
Cuba	.2	.3	.2	100	67
Total from Cuba	14.3	28.7	18.7	131	65
Shipments from Puerto Rico 3/	22.5	15.1	4/12.6	56	83
Stemmed	17.4	10.0	7.7	44	77
Unstemmed	.1	.1	5/	100	---
Scrap	5.0	5.0	4.9	98	98

1/ Includes tobacco stems, not cut, ground, or pulverized.
2/ Netherlands Indies tobacco shipped as Netherlands.
3/ Total of stemmed, unstemmed, and scrap, and used generally as cigar filler.
4/ Puerto Rican shipments for 1948 are for 11 months.
5/ Less than 50,000 pounds.

United States cigarette tobacco imports for consumption in 1948 were 64 million pounds, 9 percent above the previous year and 44 percent larger than prewar. Leaf from Greece, though far below the prewar level, showed a moderate increase over 1947.

Total U. S. tobacco imports from Cuba in 1948 dropped over one-third below 1947 but was slightly larger than the 1934-38 average. Cigar wrapper imports were below even the relatively small quantities that entered United States in 1947. Political and economic uncertainties in the Netherlands East Indies prevent the immediate return of the prewar level of tobacco imports from that area.

Shipments from Puerto Rico to the United States in January-November 1948 were lower than in 1947 and substantially less than the prewar average.

FLUE-CURED, TYPES 11-14

1948 Flue-Cured Average Prices Well Above Last Season

Flue-cured prices averaged better than 49 cents per pound for the 1948 season compared with 41.2 cents during the 1947 season. Price support for the 1948 crop at 90 percent of parity was 43.9 cents per pound.

A smaller crop and the strong domestic demand for cigarette tobacco were the principal factors affecting prices during the 1948 marketing season. Cigarettes, the principal outlet for flue-cured tobacco, pushed to a new record, and a continued high level is expected. Export demand lagged as the principal European countries purchasing flue-cured conserved dollar expenditures by curtailing the use of United States leaf and reducing their stocks to minimum levels.

Average prices for the individual flue-cured types for the past season and the previous one are as follows:

	Marketing season 1947	Marketing season 1948	
	Cents per pound	Cents per pound	Percent increase
Georgia-Florida, type 14	37.8	47.0	24
Border Belt, type 13	41.9	50.4	20
Eastern North Carolina, type 12	43.0	49.4	15
Middle Belt, type 11b	42.2	50.1	19
Old Belt, type 11a	38.1	49.1	29

The 1948 crops of Georgia-Florida, type 14, and the South Carolina and Border North Carolina, type 13, tobacco brought record prices. The 1948 season average price of Eastern North Carolina, type 12, was lower than the previous peak reached in 1946, while average prices for the Middle and Old Belt, types 11b and 11a, were only exceeded in 1919. The 1948 crop was 18 percent smaller than the 1947 crop, but the income received by flue-cured tobacco producers was only a little lower because of the better prices received. It is estimated that the 1948 crop returned about 534 million dollars to growers compared with 543 million for the previous crop.

Loan rates by grades, based on the 90 percent of parity support level, were generally higher than last season because of the higher parity prices. Flue-cured parity increased proportionately as the prices paid by farmers went up.

A much smaller quantity of flue-cured was placed under government loan during the 1948 marketing season than in the 1947 season. Approximately 106 million pounds, or less than 10 percent of the flue-cured production, were received by the Flue-Cured Stabilization Corporation, which provided price-support loans financed by the Commodity Credit Corporation. During the 1947 marketing season, 235 million pounds or 18 percent of the flue-cured production were placed under government loans.

Flue-Cured Supplies Slightly Higher

Total supplies of flue-cured for 1948-49 are about 1 percent above those for 1947-48. The large carry-over more than offset smaller 1948 production. Stocks on July 1, 1948, were 1,550 million pounds compared with 1,287 million pounds on July 1, 1947. The 1948 harvested acreage of flue-cured was approximately one-fourth less than each of the two previous years, but the average yield per acre for all flue-cured set a new record. Production in 1948 at 1,081 million pounds was 18 percent below 1947 and 20 percent below the 1946 peak.

Table 4.- Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-48 1/

Year	Production	Stocks July 1	Total supply	Disappearance year beginning July 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	741.0	844.9	1,585.9	704.3	22.9
1939	1,170.9	946.3	2,117.2	707.5	14.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.5	1,592.9	2,242.4	782.9	28.1
1942	811.7	1,459.5	2,271.2	892.4	38.8
1943	790.2	1,378.8	2,169.0	980.2	40.2
1944	1,087.3	1,188.8	2,276.1	1,149.8	42.4
1945	1,173.5	1,126.3	2,299.8	1,152.4	45.6
1946	1,352.0	1,147.4	2,499.4	1,212.6	48.3
1947 2/	1,317.5	1,286.8	2,604.3	1,054.1	41.2
1948 2/	1,081.0	1,550.2	2,631.2		3/ 49.4

1/ Farm-sales weight.
2/ Preliminary.
3/ Average price of gross sales (includes resales) at auctions.

Total disappearance during the 1947-48 marketing year was 1,054 million pounds, sharply below the preceding year's record of 1,213 million pounds. Domestic use was at a peak of 695 million pounds--up more than 30 million from the previous year, but exports were considerably below any of the three previous years and slightly below the prewar average. Flue-cured exports to the United Kingdom in the year ending June 30, 1948, were less than half of the preceding year. Other foreign countries such as Netherlands, Belgium, Ireland, Sweden, Denmark, and Norway, that took sizeable quantities in 1946-47, also took less flue-cured tobacco but the relative decreases were smaller. French takings were down three-fourths from the already small quantity acquired in 1946-47. United States flue-cured exports to China in 1947-48 were only three-eighths of those of 1946-47. In 1947-48 larger quantities of United States flue-cured went to Italy, Germany, Switzerland, Portugal, Austria, Australia, New Zealand and Hong Kong than in 1946-47.

During the current marketing year (1948-49), domestic disappearance may exceed the high level of 1947-48 and may reach 710 million pounds. Exports are expected to be about 380 million pounds compared to 359 million in 1947-48.

During the first half of the 1948-49 marketing year (July-December 1948), flue-cured exports totaled 255 million pounds (farm-sales weight) compared with 221 million pounds in the corresponding period of the 1947-48 marketing year. Quantities of flue-cured shipped to the United Kingdom during the first half of 1948-49 totaled about 155 million pounds (farm-sales weight) compared with 110 million pounds in the first half of 1947-48. However, a substantial proportion of this total was 1947 crop tobacco procured from stocks in this country in May 1948 by the British. Exports to most other important importing countries during July-December 1948 fell below the same period of the preceding year. Norway, Denmark, Portugal, and France took larger quantities individually, but Netherlands, Eire, Sweden, Belgium, Austria, Switzerland, Italy, India, China, Australia, and New Zealand took less in the first half of 1948-49 than in the same period of 1947-48. If total disappearance is around 1,090 million pounds in the year ending June 30, 1949, the carry-over on July 1, 1949, will be about 1,540 million pounds or 10 million below the previous July 1.

The announced national marketing quota for flue-cured tobacco in 1949 is 1,030 million pounds. When converted to acreage terms, this results in a total of 960,623 acres compared with 908,000 allotted in 1948. Allotments for most farms will be close to 5 percent more than in 1948. The average yield per acre has increased steadily since 1938, and the average per acre yields have been below 1,000 pounds in only 3 years (1939, 1941, and 1943) of the past decade. The 1944-48 yield averaged about 1,130 pounds per acre. If harvested acreage bears the same relationship to the total allotment in 1949 as in 1948 and yields per acre are near those of recent years the total production of flue-cured in 1949 will be between 1,060 and 1,110 million pounds. It seems likely that total supplies of flue-cured for 1949-50 will be between 2,600 and 2,650 million pounds or approximately the same as the supply for the current year.

The level of price support for the 1949 crop of flue-cured will be 90 percent of the June parity. Flue-cured parity in June 1949 is likely to be lower than the peak reached last June. Prices paid by farmers in January were 2 1/2 percent lower than in June 1948. The flue-cured parity price in January was 47.6 cents and 90 percent of this is 42.8 cents.

BURLEY, TYPE 31

Burley Prices Average Slightly Below Last Season

The 1948 crop of Burley has been sold at an average price of 46.1 cents per pound for gross sales (includes resales) compared with last season's record of 48.5 cents. The strong demand stemmed largely from the high United States cigarette consumption, which is expected to continue high. Both smoking and plug chewing also take substantial quantities of Burley. Production of smoking tobacco during most of 1948 increased slightly above the previous year, but plug chewing during the 1947-48 marketing year was down approximately 10 percent from the previous year. Exports in 1947-48 fell drastically from the record attained in the previous marketing year but were still double the prewar average.

The 1948 crop was substantially larger than the 1947 crop, but quality was not quite so good.

Table 5.- Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-48 1/

Year	Production	Stocks October 1	Total supply	Disappearance year beginning October 1	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average 1934-38	287.2	700.9	988.1	314.5	22.2
1939	395.3	684.1	1,079.4	317.1	17.3
1940	376.6	762.3	1,138.9	340.8	16.2
1941	336.8	798.1	1,134.9	379.6	29.2
1942	343.5	755.3	1,098.8	412.8	41.8
1943	392.1	686.0	1,078.1	426.9	45.6
1944	590.6	651.2	1,241.8	482.8	44.0
1945	577.2	759.0	1,336.2	482.9	39.4
1946	614.0	853.3	1,467.3	526.5	39.7
1947 2/	484.3	940.8	1,425.1	522.8	48.5
1948 2/	535.1	902.3	1,437.4		3/ 46.1

1/ Farm-sales weight.
2/ Preliminary.
3/ Average price of gross sales (includes resales) at auctions for the season through January.

The level of price support in effect during the season was 90 percent of the Burley parity in September 1948. The support price at 42.4 cents per pound is 5 percent above the previous season. The quantity placed under government loans through early February was approximately 93 million pounds, or 15 percent of gross sales. This is a greater quantity than last season when only 38 million pounds went into loan stocks.

Burley Supplies Above Last Year

Total supplies of Burley (based on October 1 stocks and estimated producers' sales) for the current marketing year (October 1948-September 1949) will approximate 1,480 million pounds, about 4 percent higher than last year. The yields per acre in 1948 averaged the highest in history. The increase in the outturn of the 1948 crop over 1947 more than offset the decline in the carry-over from the previous year. Stocks on October 1, 1948, were 902 million pounds compared with the record total of 941 million pounds on October 1, 1947.

Total disappearance of Burley in the marketing year 1947-48 was 523 million pounds, the second highest on record. The sharp decline in exports pulled it slightly below the record of 526 million pounds achieved during the previous year. Domestic use in 1947-48 was a record high of 495 million pounds, 18 million above 1946-47, but exports dropped to 27 1/2 million pounds (farm-sales weight) from the high point of 50 million pounds in 1946-47.

With a continuation of large cigarette production and consumption expected in the current marketing year, together with a small rise in the use of smoking tobacco, domestic use of Burley is likely to be as large in 1948-49 as during 1947-48. It is probable that exports of Burley will be at least as large as the past year and perhaps larger. Important foreign purchasers of Burley are among the countries receiving financial aid under the European Recovery Program. Principal foreign destinations for Burley in 1947-48 included Portugal, Belgium, Netherlands, Italy, Sweden, Norway, Denmark, and the United Kingdom.

If total Burley disappearance approximates 535 million pounds during the year ending October 1, 1949, the carry-over at the beginning of the 1949-50 marketing year will be around 945 million pounds, up nearly 5 percent from last October. The announced national marketing quota for 1949 is 545 million pounds and means a total allotment of 469,000 acres, which is slightly above last year. If harvested acreage bears the same relationship to the total allotment in 1949 as in 1948 and yields per acre are average, the total production of Burley in 1949 will be between 520 and 545 million pounds. A production of this size plus 945 million pounds carry-over would give a total supply between 1,465 and 1,490 million pounds for 1949-50. This quantity is approximately the same as the high level for the current year but would exceed most other years by a substantial margin.

It is likely that the level of price support for the 1949 crop will be lower than that for last season because the index of prices paid by farmers has declined slightly since September 1948 and may drop further by September 1949, and this, in turn, will reduce the parity price for Burley.

MARYLAND, TYPE 32

Maryland Carry-Over Exceeds Last Year

The January 1, 1949 carry-over of Maryland tobacco is estimated at 47 million pounds compared with 45 million a year previous. The 1948 crop is now estimated at 35 million pounds, about 8 percent less than the 1947 crop. Total supplies of Maryland for 1949 totaled 82 million pounds or around a million pounds below last year. Total disappearance during 1948 is estimated at about 36 million pounds. 6e1/2-percent above 1947, and the highest on record. The nigh cigarette production was mostly responsible for raising domestic use of Maryland to about 28 million pounds, 3 percent above 1947. Exports at 8.2 million pounds (farm-sales weight) were well above each of the last two years when they were 6.6 million pounds. The predominant export outlet in 1948 was Switzerland, which took 70 percent more than in 1947. Exports of Maryland to Belguum, French Morocco, and Tunisia also increased during 1948. Shipments to the other usually important foreign purchasers, such as Netherlands and France, fell sharply.

Maryland Prices Likely To Exceed Last Year

The 1948 crop of Maryland will probably bring a higher average price than the 1947 crop average of 42.8 cents. The Maryland tobacco crop is usually marketed from April to August in the year following production. The 1948 crop (to be marketed in the middle months of 1949) is about 3 million pounds smaller, and its quality has been reported above last year.

Table 6.-Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-48 1/

Year	Production	Stocks January 1 of following year	Total supply	Disappearance year beginning Jan. 1 of the following year	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1939	32.8	36.3	69.1	25.9	21.1
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	32.0	56.5
1943	20.8	43.8	64.6	27.0	45.3
1944	38.2	37.6	75.8	29.3	55.5
1945	18.4	46.5	64.9	32.5	57.0
1946	46.2	32.4	78.6	33.8	44.5
1947 2/	38.4	44.8	83.2	3/ 36.2	42.8
1948 2/	35.2	3/ 47.0	3/ 82.2		

1/ Farm-sales weight.
2/ Preliminary.
3/ Estimated.

The Agricultural Act of 1948 provided for a change in the base period to be used in calculating the parity price of Maryland, type 32. Earlier legislation specified the August 1919-July 1929 period, but the new legal base is the August 1936-July 1941 period. This means the 5-year average price for the 1936-40 crops of Maryland represents the new base price for Maryland. This average is 23.0 cents per pound. However, prices paid by farmers for production and family-living items had increased 112 percent above the new base period by October 1, 1948.

According to law, price support at 90 percent of the October 1 parity forms the basis for the support level. The effective level of price support for the 1948 crop at 90 percent of parity as now computed (using the new base period) is 43.9 cents per pound. The schedule of loan rates based on this level will be a major factor in providing a higher average price for the 1948 Maryland tobacco crop than last season's average of 42.8 cents. The high cigarette consumption expected during 1949 will also be a favorable influence affecting prices during the coming marketing season for Maryland tobacco.

Lower Acreage Suggested in 1949

The United States Department of Agriculture has suggested a 1949 goal acreage about 10 percent below the 47,000 acres harvested in 1948. If 42,300 acres are produced in 1949 with yields per acre equal to the average for 1944-48, the production would be close to 33 million pounds, 2 million less than 1948 but one-fifth more than the prewar average.

FIRE-CURED, TYPES 21-24

Fire-Cured Prices Above Last Season

Virginia fire-cured, type 21, tobacco has averaged 32.8 cents per pound for marketings through early February compared with the 29.0-cent average received by growers for the 1947 crop. The 1948 season average for Virginia fire-cured is likely to be the highest on record. Weekly average prices in January and early February increased over those in December as larger quantities of better quality tobacco came on the market.

The 1948 crops of Kentucky and Tennessee fire-cured tobacco, types 22 and 23, began auction marketings in early January. The Eastern District fire-cured, type 22, averaged 31.8 cents per pound during January and early February, or a fraction of a cent higher than in the same period last year. The general quality for much of the early offerings this year was lower. The Western District fire-cured, type 23, averaged 29.5 cents and, also, was only a fraction of a cent above the price average for the same period last year. For this type, also, early season offerings were inferior in quality. The 1948 price support level of fire-cured tobacco at 75 percent of the Burley loan rate is 31.8 cents per pound, 5 percent above the 1947 level. The season average price for types 22 and 23 will probably be almost as high as the average prices received by growers for the 1945 crop.

Price support operations played a major role in the marketings of fire-cured for the season through early February. Deliveries of Western

District fire-cured, type 23, to Associations for the Commodity Credit Corporation loans comprised about 52 percent of gross marketings. This is a considerably larger proportion than for types 22 and 21, which had 33 and 24 percent of gross marketings delivered for government loans. In the case of Virginia fire-cured, this was a substantially smaller percentage placed under loan than during the 1947 season.

Fire-Cured Supplies up Slightly

Total supplies of fire-cured tobacco for 1948-49 totaled 232 million pounds compared with 229 million pounds last year. The increase in carry-over on October 1, 1948, more than offset the decline in production between 1948 and 1947. The 1948 crop of 70 million pounds was 16 million less than 1947, but stocks increased to 162 1/2 million pounds--a gain of 19 million from the same date a year previous. In 1948, production of type 22 decreased more relatively than the other fire-cured types. From October 1, 1947, to October 1, 1948, stocks of type 23 and type 22 increased 24 percent and 13 percent, respectively, while type 21 stocks fell slightly.

Total disappearance of fire-cured in 1947-48 was 67 million pounds, the second lowest in history. The drop in the disappearance of Kentucky and Tennessee fire-cured, types 22-23, more than offset the increase in the use of Virginia fire-cured. Domestic use of all fire-cured in 1947-48 at 36 1/2 million pounds gained slightly over last year's all-time low, but exports fell to 30 million pounds (farm-sales weight), 4 million less than the previous year. The drop in Kentucky and Tennessee fire-cured exports was over 5 million pounds, but those of Virginia fire-cured were 1 million pounds greater. However, both are substantially below prewar levels of export. France and the United Kingdom took very little fire-cured in the year ended September 30, 1948, but Netherlands, Belgium, Sweden, and Switzerland imported larger amounts

United States use of fire-cured is mostly in snuff. In 1948, snuff consumption gained over 1947 and is expected to remain stable during 1949. Exports of fire-cured may show some increase above last year's low point as economic recovery of major European countries progresses, but the prewar average level will not be regained in the foreseeable future. Total disappearance in 1948-49 is expected to be about 70 million pounds.

On November 27, fire-cured growers in a referendum approved marketing quotas for the 1949, 1950, and 1951 years. Growers in favor of quotas for the next three crops comprised 94.7 percent of the total number who voted. The 1949 allotments have been set at 65,300 acres compared with 77,300 acres allotted in 1948. Growers have usually planted below acreage allotments. If harvested acreage in 1949 is 59,000 acres (roughtly 90 percent of total allotments) and the average yield per acre is equal to the 1944-48 average, the total production of fire-cured in 1949 would be about 63 million pounds compared with nearly 70 million pounds in 1948. If total disappearance is 70 million pounds in 1948-49, carry-over next October will be about 162 million pounds and total supplies (assuming a 63-million-pound crop) for 1949-50 would approximate 225 million pounds. This would be a little lower than total supplies for 1948-49.

The level of price support for the 1949 crop is likely to be lower than in 1948 because of the expected lower Burley loan rate. The support price of fire-cured is determined at 75 percent of the Burley loan rate.

DARK AIR-CURED, TYPES 35-37

Dark Air-Cured Prices Higher Than Last Season

Auction sales for all the dark air-cured types combined for the 1948 season through early February averaged 11 percent higher than last season. One Sucker tobacco, type 35, average auction prices were 29.6 cents per pound for the season through early February compared with 25.7 cents, the season average for the 1947 crop. For the season through early February, Green River, type 36, sold for an average of 26.4 cents per pound or about a cent above the 1948 season average. Virginia sun-cured, type 37, which is the smallest of the dark air-cured types, averaged 32.1 cents for marketings in December-January compared with the 28.6 cents received for the 1947 crop. Weekly average prices of types 35 and 36 fluctuated little during the selling season; but for type 37, were moderately higher in January and early February than in December.

The level of price support for the 1948 crop at 66 2/3 percent of the Burley loan rate is 28.3 cents per pound, 5 percent above the previous year's level. Price support operations for dark air-cured, types 35 and 36, have been on a significant scale during the past two months' marketings. Approximately one-fourth of the One Sucker and one-third of the Green River deliveries during December and January were placed under Government loan by growers. The proportion of Virginia sun-cured put under loan was only about 3 1/2 percent.

Dark Air-Cured Supplies Slightly Above a Year Ago

Total supplies of dark air-cured tobacco at 112 million pounds are about 2 million above last year and exceed every year since 1934. Carry-over on October 1, 1948, was 77 million pounds, about 4 1/2 million larger than October 1, 1947. Most of the increase in stocks was in type 36, while type 37 stocks showed a decrease. Production in 1948 was close to 35 million pounds, about 6 percent lower than in 1947. Virginia sun-cured, type 37, production increased over a million pounds from 1947 to 1948, but this was more than offset in the total by the smaller types 35 and 36 crops.

Total disappearance of dark air-cured tobacco in the 1947-48 marketing year was 33 million pounds, 12 percent less than in 1946-47. The quantity used domestically was almost 26 1/2 million pounds, 3 1/3 million below 1946-47, and 1947-48 exports of 6.4 million pounds (farm-sales weight) were over 1 million pounds below 1946-47. The principal domestic use of dark air-cured is in chewing tobacco which declined moderately from the 1946-47 output. Exports of dark air-cured are mostly in the form of Black Fat, but some leaf is also exported. The leaf shipments in 1947-48 showed a sharp decline, which more than offset the 22 percent increase in Black Fat over that of 1946-47. The principal foreign destinations of Black Fat in 1948 were Nigeria and Gold Coast in Africa, while most of the reduced quantities of leaf went to Netherlands. If total disappearance in 1948-49 is about the same as the 33 million pounds in 1947-48, the carry-over on October 1, 1949, will be 79 million pounds or 2 million larger than October 1, 1948, and well above most of the years since 1932.

Table 7.- Dark tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-48 1/

Year	Production	Stocks October 1	Total supply	Disappearance: year beginning October 1	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Fire-cured					
Total types 21-24:					
Average 1934-38	110.2	194.2	304.4	123.0	10.2
1939	99.4	136.2	235.6	94.0	10.6
1940	106.5	141.6	248.1	64.2	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	76.3	17.1
1943	64.9	179.8	244.7	71.2	23.4
1944	66.1	173.5	239.6	107.8	24.5
1945	58.3	131.8	190.1	85.2	31.5
1946	108.9	104.9	213.8	70.4	26.0
1947 2/	85.8	143.4	229.2	66.7	29.5
1948 2/	69.8	162.5	232.3		
Dark air-cured					
Total types 35-37:					
Average 1934-38	35.5	62.8	98.3	39.0	9.4
1939	44.2	56.1	100.3	34.7	7.3
1940	42.5	65.6	108.1	33.7	7.7
1941	31.5	74.4	105.9	41.9	12.0
1942	35.2	64.0	99.2	33.9	15.2
1943	30.0	65.3	95.3	37.6	27.2
1944	44.9	57.7	102.6	42.2	23.3
1945	43.6	60.4	104.0	43.6	25.2
1946	49.6	60.4	110.0	37.3	22.5
1947 2/	37.3	72.7	110.0	32.8	25.8
1948 2/	34.9	77.2	112.1		

1/ Farm-sales weight.
2/ Preliminary.

On November 27 dark air-cured (types 35-36) growers in a referendum approved marketing quotas for 1949, 1950, and 1951. The percentage of growers voting in favor of quotas for the 3 years beginning October 1, 1949, was 96.1. The 1949 allotments for types 35-36 totaled 30,100 acres. The 1949 Virginia sun-cured, type 37, goal suggested by the Department of Agriculture calls for 10 percent less than the 3,400 acres harvested in 1948. Some growers usually underplant their allotments; and if 1949 harvested acreage of types 35-36 is about 90 percent of the total allotments and type 37 growers plant 10 percent fewer acres in 1948, the total acreage of types 35-37 combined will approximate 30,000. If the 1949 yield per acre for types 35-37 is equal to the 1944-48 average of 1,107 pounds the total 1947 production on 30,000 acres would be about 33 million pounds or about 2 million less than in 1948. Total supplies for 1949-50 made up of 33 million pounds production and 79 million pounds of stocks would be 112 million or just about the same as this year's total supply.

The level of price support for the 1949 crop is likely to be lower since it is related to the Burley loan rate, which will decline in line with Burley parity prices and which are expected to fall below the 1948 level.

CIGAR TOBACCO

Domestic Filler Supplies Above Last Year

The estimated production of Pennsylvania and Ohio filler in 1948 was about 70 million pounds or 5 million larger than 1947. Almost all of the increase occurred in Pennsylvania. Harvested acreage in 1948 increased in Pennsylvania over 1947 but held constant in Ohio. Average per acre yields were a near record in Pennsylvania and the highest on record in Ohio. Carry-over on October 1, 1948, was 126 million pounds, almost 4 million larger than October 1, 1947, with practically all of the increase in Pennsylvania Seedleaf, type 41. The 1948-49 total supply of domestic cigar filler of 196 million pounds exceeds the previous year by 5 percent. The current level of supplies, though the highest since 1944, is 6 percent lower than the 1934-38 average. It is also well below the level of the early forties. Increased production in Pennsylvania has partly offset the extremely sharp decline in Ohio production in the last decade. Although there have been some fluctuations, a downward trend in Ohio filler production is apparent for the last 25 to 30 years.

Disappearance of types 41-44 in the year ended October 1, 1948, was 62 million pounds, less than each of the two previous years but 15 percent larger than prewar. Cigar production in the year ahead is expected to be about the same as in 1948. No precise figures are available on cigar filler exports as distinguished from exports of total cigar tobacco. The average price for the 1948 crop of filler tobacco is expected to be close to the 31-cent average of 1947.

Table 8.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-48 1/

Year and type	Production	Stocks October 1 2/	Total supply	Disappearance: year beginning October 1 2/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total filler types 41-44 3/					
Average 1934-38	48.9	159.9	208.8	54.4	10.4
1939	63.1	141.9	205.0	54.0	11.7
1940	64.7	151.0	215.7	58.7	11.9
1941	71.2	157.0	228.2	61.4	12.4
1942	53.8	166.8	220.6	67.0	13.2
1943	47.0	153.6	200.6	55.2	18.6
1944	58.8	145.4	204.2	61.3	19.5
1945	49.9	142.9	192.8	64.1	34.0
1946	64.4	128.7	193.1	70.9	32.8
1947 4/	65.1	122.2	187.3	61.6	30.6
1948 4/	70.5	125.7	196.2		
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.5
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.2	137.9	193.1	66.4	20.4
1943	51.0	126.7	177.7	69.2	30.3
1944	57.2	108.5	165.7	63.4	30.9
1945	62.1	102.3	164.4	60.9	47.7
1946	73.8	103.5	177.3	53.6	52.7
1947 4/	67.2	123.7	190.9	65.1	42.6
1948 4/	57.2	125.8	183.0		
Total wrapper types 61-62					
Average 1934-38	8.4	11.8	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	77.6
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	168.0
1944	11.3	14.3	25.6	10.9	196.0
1945	11.2	14.7	25.9	12.3	197.0
1946	12.5	13.6	26.1	12.7	234.0
1947 4/	13.7	13.4	27.1	12.6	289.0
1948 4/	13.8	14.5	28.3		

1/ Farm-sales weight, 2/ Stocks and disappearance for types 56, 61, and 62 are as of July 1. 3/ A small quantity of type 45 for 1939 and 1940 not included. 4/ Preliminary.

If the 1949 acreage equals the 1948 acreage and per acre yields approximate the average of the last 5 years, total production in 1949 would be about 7 percent lower than 1948.

Total stocks of Puerto Rican filler, type 46, on October 1, 1948, were 68 million pounds (farm-sales weight) compared to 74 million a year previous. All the decline occurred in stocks in the United States while stocks in Puerto Rico increased a little. Stocks on October 1 in the United States totaled nearly 36 million pounds, which, though lower than those of the same date of the last 2 years, exceeded every other year since 1938. Sizable quantities of Puerto Rican tobacco have been shipped to Germany in recent months.

Cigar Binder Supplies

The total supply of the cigar binder, types 51-56, for 1948-49 is 183 million pounds, 8 million below 1947-48 and substantially below the high level of the thirties. Production of all binder types in 1948 was down almost 10 million pounds from 1947; but by October 1, stocks had increased by 2 million pounds over October 1, 1947. Production of all the individual types fell except Connecticut Valley Havana Seed, which barely exceeded the year previous. Sharp production declines occurred in New York and Pennsylvania Havana Seed, type 53, and both Wisconsin types 54 and 55; whereas Connecticut Valley Broadleaf, type 51, only dropped 3 1/2 percent below 1947. Stocks of Connecticut Valley Broadleaf and Havana Seed, types 51 and 52, were higher on October 1, 1948, than a year earlier, while stocks of the other binder types dropped a little in the same period. Compared with the prewar average, Connecticut Valley Broadleaf stocks were 15 percent less and Havana Seed, 33 percent less. October 1 stocks of New York and Pennsylvania Havana Seed were up 11 percent and Northern Wisconsin are only a little above the prewar average, but Southern Wisconsin stocks are 40 percent below the high prewar level. A substantial proportion of the binder stocks appear to be low-grade, and the supply of better quality binder has not been maintained. The Department of Agriculture has urged that emphasis should be placed on the production of higher quality binder tobacco. Cigar production seems likely to be fairly stable during 1949; but scrap chewing, which uses substantial quantities of low grade binder, may be a little lower. Scrap chewing manufacture is not too greatly different from prewar levels but the trend has been downward since 1944.

Price indications for the various cigar binder types have shown considerable variation. Parts of the Connecticut Valley Havana Seed crop sold at prices not far different from last year's 73-cent average. The Broadleaf crop seems likely to average well above the 51-cent average

of last year, which reflected the large proportion of the crop damaged by pole sweat. Preliminary reports for Wisconsin tobacco and New York Havana Seed indicate lower price averages than last season. For the 1947 crop, growers received 28.3 cents for New York and Pennsylvania Havana Seed, 22.3 cents for Southern Wisconsin, type 54, and 35.0 cents for Northern Wisconsin, type 55.

Cigar Wrapper Supplies Slightly Exceed Last Year

Total supplies of cigar wrapper, types 61-62, for 1948-49 were 28.3 million pounds compared to 27.1 million for the previous year. Production in 1948 at 13.8 million pounds was very slightly higher than 1947, but stocks on July 1 were up a little more than a million pounds. The 1948 production of Connecticut Valley Shade-grown, type 61, dropped from that of 1947, but the gain in the Georgia-Florida Shade-grown, type 62, a little more than offset the decrease. Both types had larger stocks on July 1, 1948, than a year previous. Type 61 stocks were the highest since 1934. The total supply of type 61 for 1948-49 at 19.3 million pounds was just below the 19.4 million-pound level of last year, while type 62 total supply was 9.1 million pounds compared with 7.7 million last year. Based on October 1, 1948, figures, types 61 and 62 stocks were 2 percent and 23 percent higher than a year previous.

The season average price of the 1947 crop of Connecticut Valley Shade-grown was 3.10 dollars per pound compared with 2.40 dollars for the 1946 crop. Georgia-Florida Shade-grown averaged 2.45 dollars per pound for the 1947 crop compared with 2.20 dollars for the 1946 crop.

Cigar Tobacco Exports

Since 1923 export statistics of cigar tobacco have been grouped in a combined total, and an accurate breakdown of the separate quantities of filler, binder, and wrapper leaf has not been possible. Beginning with January 1949, exports of cigar tobacco will be tabulated so as to make available separate totals of quantities and declared values of each of the tobacco classes, filler, binder, and wrapper.

In the marketing year ending October 1, 1948, all cigar tobacco exported totaled 7.3 million pounds (farm-sales weight). This was 30 percent above the 5.6 million pounds of exports in 1946-47 and the highest on record. Relative to total disappearance of all cigar tobacco (which includes both domestic use and exports), 1948 exports amounted to approximately 5 percent. The principal foreign destinations were Denmark, Netherlands, Sweden, and Belgium. Netherlands almost tripled her 1946-47 takings and Denmark and Sweden also took larger quantities. Belgium took only a little more than half of the 1946-47 total. Austria and Switzerland were other European importers taking sizeable quantities in 1947-48. During the current year Germany will take larger quantities of cigar tobacco than last year.

Table 9.- Production of manufactured tobacco in the United States, average 1937-41, and annual 1942-48

Calendar year	Chewing					Smoking	Snuff
	Plug	Twist	Fine-cut	Scrap	Total		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1937-41 average	52.6	5.9	4.7	43.4	106.6	198.7	38.0
1942	54.3	6.0	5.1	48.3	113.7	175.7	41.0
1943	58.9	6.3	4.5	51.4	121.1	162.8	43.2
1944	61.7	6.5	4.1	52.9	125.2	139.9	42.0
1945	59.7	6.7	4.0	47.7	118.1	168.5	43.8
1946	51.8	5.8	3.8	46.2	107.6	105.9	39.4
1947	47.4	5.2	3.7	42.2	98.5	104.6	39.3
Jan.-Nov. 1947	44.1	4.7	3.4	39.0	91.2	97.6	36.1
Jan.-Nov. 1948	42.2	5.2	3.0	39.1	89.5	100.7	37.3
	Percentage change						
Jan.-Nov. 1947 to 1948	-4.3	+10.6	-11.8	+.3	-1.9	+3.2	+3.3

Table 10.- Tax-paid withdrawals of tobacco products in the United States, calendar years 1947 and 1948, and July-December 1947-48 1/

Products	Calendar year			July-December		
	1947	1948	Change	1947	1948	Change
	Million	Million	Percent	Million	Million	Percent
Small cigarettes	335,964	348,730	+3.8	173,181	176,714	+2.0
Large cigarettes	0.5	0.7	+40.0	2/	2/	+60.6
Large cigars	5,631	5,775	+2.6	2,920	3,007	+3.0
Small cigars	81	90	+11.1	38	41	+7.9
Snuff 3/	39.3	41.4	+5.3	19.6	20.1	+2.6
Manufactured tobacco 3/	199.2	199.7	+.3	108.0	102.0	-5.6

1/ Based on sales of revenue stamps, and includes products from Puerto Rico.
2/ 245,264 in 1947 and 393,939 in 1948.
3/ Million pounds.

Table 11.- Internal Revenue collections from tobacco, 1930-48

Calendar year	Cigars 1/	Cigarettes 2/	Chewing and smoking	Snuff	Total 3/
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1930	19.4	358.9	59.0	7.4	446.2
1931	16.4	340.4	59.0	7.1	424.5
1932	12.6	310.6	56.2	6.6	387.3
1933	11.4	335.5	54.9	6.5	409.3
1934	11.9	377.5	55.3	6.7	452.4
1935	12.0	403.9	54.8	6.5	478.4
1936	12.9	459.5	55.7	6.9	536.1
1937	13.3	487.9	54.2	6.6	563.2
1938	12.7	491.3	55.1	6.7	567.1
1939	13.0	517.4	54.5	6.8	593.2
1940	13.1	569.3	54.8	6.8	645.5
1941	14.1	670.9	53.8	7.1	747.7
1942	16.9	782.2	50.5	7.4	858.6
1943	28.6	904.2	47.4	7.8	989.5
1944	33.6	837.6	45.3	7.6	925.4
1945	38.2	937.2	48.6	7.9	1,034.2
1946	47.5	1,125.2	38.0	7.1	1,218.4
1947	47.1	1,175.9	35.9	7.1	1,266.7
1948	46.7	1,220.6	35.9	7.5	1,311.5
	Percent of total				
1930	4.3	80.4	13.2	1.7	100.0
1931	3.9	80.2	13.9	1.7	100.0
1932	3.3	80.2	14.5	1.7	100.0
1933	2.8	82.0	13.4	1.6	100.0
1934	2.6	83.4	12.2	1.5	100.0
1935	2.5	84.4	11.5	1.4	100.0
1936	2.4	85.7	10.4	1.3	100.0
1937	2.4	86.6	9.6	1.2	100.0
1938	2.2	86.6	9.7	1.2	100.0
1939	2.2	87.2	9.2	1.1	100.0
1940	2.0	88.2	8.5	1.1	100.0
1941	1.9	89.7	7.2	.9	100.0
1942	2.0	91.1	5.9	.9	100.0
1943	2.9	91.4	4.8	.8	100.0
1944	3.6	90.5	4.9	.8	100.0
1945	3.7	90.6	4.7	.8	100.0
1946	3.9	92.4	3.1	.6	100.0
1947	3.7	92.8	2.8	.6	100.0
1948	3.6	93.1	2.7	.6	100.0

1/ Includes small cigars and cigar floor-taxes. 2/ Includes large cigarettes and cigarettes floor-taxes. 3/ Total includes cigarette papers and tubes and leaf dealer penalties not shown separately in this table.

Bureau of Agricultural Economics. Compiled from reports of Internal Revenue.

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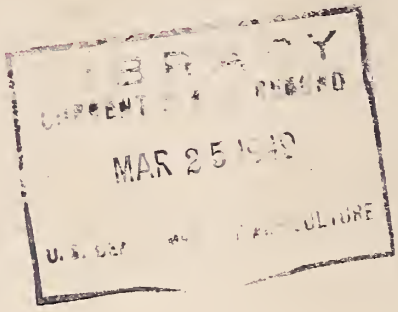
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